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ORIGINAL 03

BEFORE THE ARIZONA CORPORATION COMMISSION

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AZ CORP COMMISSION
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MARC SPITZER

Chairman

JIM IRVIN

Commissioner

WILLIAM A. MUNDELL

Commissioner

Arizona Corporation Commission

DOCKETED

JEFF MATCH-MILLER

Commissioner

AUG 08 2003

MIKE GLEASON

Commissioner

DOCKETED BY

CR

In the matter of:

DOCKET NO. S-03539A-03-0000

YUCATAN RESORTS, INC., d/b/a
YUCATAN RESORTS, S.A., RESORT
HOLDINGS INTERNATIONAL, INC., d/b/a/
RESORT HOLDINGS INTERNATIONAL,
S.A., WORLD PHANTASY TOURS, INC.,
a/k/a MAJESTY TRAVEL a/k/a VIAJES
MAJESTY, MICHAEL E. KELLY and LORI
KELLY,

RESPONDENT WORLD
PHANTASY'S ANSWER TO
TEMPORARY ORDER TO
CEASE AND DESIST

Respondents.

Respondent World Phantasy Tours, Inc. ("World Phantasy") answers the
Temporary Order to Cease and Desist and Notice of Opportunity for Hearing
("Order") before the Securities Division of the Arizona Corporation Commission as
follows:

JURISDICTION

1. Respondent denies the allegations contained in paragraph 1 and asserts
that no securities are involved in the transactions. Therefore the Arizona Securities
Act does not apply and the Arizona Corporation Commission lacks jurisdiction over
this matter.

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RESPONDENTS

2. Respondent admits, upon information and belief, that Yucatan Resorts S.A. marketed the Universal Lease in the United States. Respondent lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraph 2, and therefore denies the same.

3. Respondent lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 3, and therefore denies the same.

4. Respondent admits that Majesty Travel d/b/a World Phantasy Tours is a Panamanian corporation operating a resort management and travel business and has an address at Calle Eusebio A. Morales, Edificio Atlantida, P Baja, APDO, 8301 Zona 7, Panama. Respondent denies the remaining allegations contained in paragraph 4.

5. Respondent lacks knowledge or information sufficient to form a belief as to the truth of the allegations in paragraphs 5 through 7, and therefore denies the same.

6. The allegations contained in paragraph 8 are not factual in nature and therefore require no response.

GENERAL ALLEGATIONS

7. Respondent denies the allegations contained in paragraphs 9 through 27 to the extent those allegations are directed against Respondent World Phantasy. Respondent lacks knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in paragraphs 9 through 27, and therefore denies the same.

8. In response to paragraph 28 of the Order, Respondent admits that in the event a Universal Leaseholder chooses to have third party locate and lease their leased unit and subsequently selects World Phantasy as a third party leasing agent, the Universal Leaseholder is instructed by World Phantasy to complete a "Universal Lease Management Agreement." Respondent denies the remaining allegations contained in

1 paragraph 28 to the extent those allegations are made against Respondent World
2 Phantasy. Respondent lacks knowledge or information sufficient to form a belief as to
3 the truth of the remaining allegations contained in paragraph 28, and therefore denies
4 the same.

5 9. Respondent denies the allegations contained in paragraph 29 to the
6 extent those allegations are made against Respondent World Phantasy. Respondent
7 lacks knowledge or information sufficient to form a belief as to the truth of the
8 remaining allegations contained in paragraph 29, and therefore denies the same.

9 10. In response to paragraph 30 of the Order, Respondent admits that the
10 "Universal Lease Management Agreement" speaks for itself. Respondent denies the
11 remaining allegations contained in paragraph 30 to the extent those allegations are
12 made against Respondent World Phantasy.

13 11. Respondent denies the allegations contained in paragraphs 31 through 48
14 to the extent those allegations are made against Respondent World Phantasy.
15 Respondent lacks knowledge or information sufficient to form a belief as to the truth
16 of the remaining allegations contained in paragraphs 31 through 48, and therefore
17 denies the same.

18 **VIOLATION OF A.R.S. § 44-1841**

19 12. Respondent denies each and every allegation contained in paragraphs 49
20 through 51 to the extent those allegations are made against Respondent World
21 Phantasy. Respondent lacks knowledge or information sufficient to form a belief as to
22 the truth of the remaining allegations contained in paragraphs 49 through 51, and
23 therefore denies the same.

24 **VIOLATION OF A.R.S. § 44-1842**

25 13. Respondent denies each and every allegation contained in paragraphs 52
26 and 53 to the extent those allegations are made against Respondent World Phantasy.

1 Respondent lacks knowledge or information sufficient to form a belief as to the truth
2 of the remaining allegations contained in paragraphs 52 and 53, and therefore denies
3 the same.

4 **VIOLATION OF A.R.S. § 44-1991**

5 14. Respondent denies each and every allegation contained in paragraphs 54
6 and 55 to the extent those allegations are made against Respondent World Phantasy.
7 Respondent lacks knowledge or information sufficient to form a belief as to the truth
8 of the remaining allegations contained in paragraphs 54 and 55, and therefore denies
9 the same.

10 **GENERAL DENIAL**

11 15. Respondent denies each and every allegation of the Order to Cease and
12 Desist not specifically admitted.

13 **FIRST DEFENSE**

14 16. Failure to state a claim upon which relief can be granted.

15 **SECOND DEFENSE**

16 17. The alleged transactions do not involve securities. Therefore, Arizona
17 securities laws do not apply and the Arizona Corporation Commission lacks
18 jurisdiction to hear the claims.

19 **THIRD DEFENSE**

20 18. Arizona's securities registration statutes and regulations do not apply to
21 the sale of timeshares under an approved timeshare plan, pursuant to, among other
22 things, A.R.S. § 32-2197.

23 **FOURTH DEFENSE**

24 19. Lack of personal jurisdiction.

25 **FIFTH DEFENSE**

26 20. Lack of subject matter jurisdiction.

1 **SIXTH DEFENSE**

2 21. Failure to join indispensable parties.

3 **SEVENTH DEFENSE**

4 22. Defective and/or insufficient service of process.

5 **EIGHTH DEFENSE**

6 23. Collateral proceedings raise the threat of inconclusive and contrary
7 results. Therefore, this matter should alternatively be stayed pending the outcome of
8 those proceedings.

9 **NINTH DEFENSE**

10 24. Any ruling in this action would be unconstitutional under the laws of the
11 State of Arizona and under the laws of the United States of America including failure
12 to provide due process.


13 **TENTH DEFENSE**

14 25. The claims asserted are barred by the applicable statutes of limitation.

15 WHEREFORE, there is no basis for the imposition of liability of any kind or
16 nature, the temporary order to cease and desist should be vacated and there should be
17 no award of any kind or nature against Respondent.

18 RESPECTFULLY SUBMITTED this 8th day of August, 2003.

19 MEYER, HENDRICKS & BIVENS, P.A.

20
21 By 
22 Tom Galbraith
23 Kirsten Copeland
24 3003 N. Central Avenue, Suite 1200
25 Phoenix, Arizona 85012-2915
26 Attorneys for Respondent
 World Phantasy Tours, Inc.

1 ORIGINAL and thirteen copies of the foregoing
2 hand-delivered this 8 day of August, 2003 to:

3 Docket Control
4 Arizona Corporation Commission
5 1200 West Washington Street
6 Phoenix, Arizona 85007

7 COPY of the foregoing hand-delivered
8 this 8 day of August, 2003 to:

9 Hearing Officer
10 Hearing Division
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 Jaime Palfai, Esq.
15 W. Mark Sendrow, Esq.
16 Securities Division
17 Arizona Corporation Commission
18 1300 West Washington Street, 3rd Floor
19 Phoenix, Arizona 85007

20 COPY of the foregoing sent *via* U.S. Mail
21 this 8 day of August, 2003 to:

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18 
19 _____

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